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**BOUNDING UNCERTAINTY: THE USES OF ANALOGICAL  
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## **Bounding Uncertainty: The uses of analogical abduction in entrepreneurship**

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# BOUNDING UNCERTAINTY: THE USES OF ANALOGICAL ABDUCTION IN ENTREPRENEURSHIP

## ABSTRACT

Conceptualizing entrepreneurship as problem-solving has shed light on how problems are solved through entrepreneurial ventures. This approach presupposes that problems objectively exist, an assumption that is valid for the world of Knightian risk, in which categorization is possible. In the current study, we adopt the ontological stance of Knightian uncertainty, in which *a priori categories* cannot be assumed, and therefore problems do not objectively exist. We posit that in the world of Knightian uncertainty entrepreneurs who perceive certain situations as unsatisfactory but remediable engage in problematization which yields problem statements. These problem statements are operationalized to form the basis of entrepreneurial action aimed at remedying dissatisfaction. We submit that to problematize, entrepreneurs engage in *analogical abduction*, which allows them to develop problem statements by treating target domains replete with Knightian uncertainty *as if* they were similar to familiar source domains. Such conjectures are selected based on the likeness of relevant attributes between the source and target domains, aid entrepreneurs in bounding uncertainty, and guide entrepreneurial action. Entrepreneurs adopt positive feedback of entrepreneurial action as a rule to guide future action under similar circumstances, while negative feedback leads them to recalibrate problem statements and modify further action. We illustrate this process using the empirical vignette of Starbucks.

*Keywords:* Knightian uncertainty, problem solving, analogical abduction, entrepreneurial reasoning.

\* The full paper is available on request.